

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SSO-00 INRE-00 CAB-09 CIAE-00

COME-00 DODE-00 DOTE-00 INR-10 NSAE-00 RSC-01 FAA-00

L-03 DRC-01 NSCE-00 SS-20 NSC-07 PA-04 PRS-01 IO-14

USIE-00 /093 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC NIACT IMMEDIATE 5189

C O N F I D E N T I A L MANILA 8364

EB FOR STYLES

E.O. 11652: GDS

TAGS: EGEN, ETRN, RP, US

SUBJECT: CIVAIR: US/RP NEGOTIATIONS

REF: A. STATE 149973

B. ARNOLD/STYLES TELECOM

1. SUBSTANCE PARA 3 REFTEL CONVEYED MABILANGAN BY
ARNOLD EARLY JULY 12. IN COURSE SEVERAL PHONE CALLS,
MABILANGAN CONVEYED FOLLOWING PROPOSAL ON BEHALF GOP,
AS LAST MINUTE EFFORT TO REACH BASIS OF AGREEMENT:

(A) CAPACITY REGIME.

JULY 1974 APRIL 1975

PAL 3 DC-10S 7 DC-10S

4 DC-8S

PANAM 3 B-747S 4 B-747S

NWA 3 B-747S 4 B-747S

(B) SCHEDULED TALKS.

NEGOTIATIONS WOULD BE RESUMED WITHIN THE 60 DAY
TIMETABLE EARLIER SPECIFIED BY ROMUALDEZ TO WORK OUT A
LONGER TERM CAPACITY REGIME AND TO SEEK RESOLUTION OF
PENDING KEY ROUTE ISSUES.

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(C) TERMS OF THE FOREGOING WOULD BE EMBODIED IN AN

EXCHANGE OF NOTES.

2. PER ARNOLD/STYLES TELECON, ARNOLD PROPOSED TO MABILANGAN THAT PANAM BE PROVIDED HONG KONG AS BLIND SECTOR. MABILANGAN SAID THIS OPENED UP SIGNIFICANT NEW TOPIC INVOLVING CONCESSION OF SOME VALUE AND HIS PRINCIPALS THOUGHT SUBJECT SHOULD BE RESERVED FOR NEGOTIATIONS TO FOLLOW. HE SAID THERE MIGHT BE POSSIBILITY OF ACCEPTANCE, IF GUAM RIGHTS COULD BE EXTENDED PAL ON SAME FREQUENCY BASIS AS HONG KONG ACCESS OF PANAM OVER BLIND SECTOR. ARNOLD SAID VALUES WERE GREATLY SKEWED IN PAL'S FAVOR IN THIS EXCHANGE BUT THAT IDEA WOULD BE PUT TO WASHINGTON. MABILANGAN COMMENTED THAT PHIL SIDE HAD TROUBLE WITH SECOND STAGE CAPACITY EXCHANGE, BECAUSE CAPACITIES PROPOSED FOR 1975 GREATLY FAVORED U.S. CARRIERS.

3. EMBASSY CONTINUING DISCUSS POSSIBILITY WITH MABILANGAN THROUGH EVENING JULY 12, AND ARNOLD HAVING BREAKFAST TALK WITH EXEC SEC MELCHOR JULY 13. IN MEAN-TIME, AS THESE THINGS GO, BISHOP NOW SCHEDULED BLESS FIRST DC-10 JULY 15; THIS CUSTOMARILY IMMEDIATELY IN ADVANCE OF FIRST SCHEDULED FLIGHT.

4. WHILE WE SHARE DESIRE OF DEPARTMENT AND CAB TO EXACT AS FAVORABLE A PRICE FOR PAL'S DC-10'S AS WE CAN, WE ALSO MUST LOOK NOW TO THE ADVERSE EFFECTS OF FAILURE TO REACH WORKABLE SETTLEMENT. GOP RESPONSE TO ANY SUGGESTION THAT SCHEDULE BE DEFERRED HAS BEEN NIGH ZERO, SAVE FOR RISING PACE OF BARGAINING. THIS SEEMS NOW TO BE PRETTY WELL EXHAUSTED. WE BELIEVE DEAL AS SET FORTH ABOVE IN PARA 1 IS AN ACCEPTABLE RESULT, BUT RECOGNIZING WORRIES FACING USCAB AND DEPARTMENT, WE MAKING LAST DITCH EFFORT SQUEEZE OUT BLIND SECTOR BY SOME MEANS. IN THE INTERESTS OF SOBER, FULLY-REVIEWED AND THEREFORE DURABLE ROUTE AGREEMENT, HOWEVER, WE HONESTLY BELIEVE THIS MATTER SHOULD BE DEFERRED.

5. ACTION REQUESTED: WELCOME IMMEDIATE WASHINGTON COMMENT ON FOREGOING AND TRUST APPROVAL GOP PROPOSAL WILL BE FORTHCOMING AS ONLY FEASIBLE WAY TO CONFIDENTIAL

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ADVANCE THIS RELATIONSHIP.
SULLIVAN

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NNN

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